

110TH CONGRESS  
1ST SESSION

# H. R. 3817

To amend the Internal Revenue Code of 1986 to make improvements to assist young farmers and ranchers.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 10, 2007

Mr. POMEROY (for himself, Mr. KING of Iowa, Mr. BOSWELL, and Mr. HULSHOF) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to make improvements to assist young farmers and ranchers.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Agricultural Bond Im-

5       provement Act of 2007”.

6       **SEC. 2. EXEMPTION OF AGRICULTURAL BONDS FROM PRI-**  
7       **VATE ACTIVITY BOND VOLUME LIMITS.**

8       (a) IN GENERAL.—Section 146(g) of the Internal  
9       Revenue Code of 1986 (relating to exception for certain  
10      bonds) is amended by striking “and” at the end of para-

1 graph (3), by striking the period at the end of paragraph  
 2 (4) and inserting “, and”, and by inserting after para-  
 3 graph (4) the following new paragraph:

4 “(5) any qualified small issue bond described in  
 5 section 144(a)(12)(B)(ii).”.

6 (b) EFFECTIVE DATE.—The amendments made by  
 7 this section shall apply to bonds issued after the date of  
 8 the enactment of this Act.

9 **SEC. 3. INCREASE IN LOAN LIMITS ON AGRICULTURAL**  
 10 **BONDS.**

11 (a) IN GENERAL.—Subparagraph (A) of section  
 12 147(c)(2) of the Internal Revenue Code of 1986 (relating  
 13 to general rule for exception for first-time farmers) is  
 14 amended to read as follows:

15 “(A) IN GENERAL.—

16 “(i) If the requirements of subpara-  
 17 graph (B) are met with respect to any  
 18 land, paragraph (1) shall not apply to such  
 19 land, and subsection (d) shall not apply to  
 20 property to be used thereon for farming  
 21 purposes, but only to the extent of expend-  
 22 itures (financed with the proceeds of the  
 23 issue) not in excess of \$450,000.

24 “(ii) In the case of any calendar year  
 25 after 2007, the \$450,000 amount con-

1           tained in clause (i) shall be increased by an  
 2           amount equal to such dollar amount multi-  
 3           plied by the inflation percentage deter-  
 4           mined under section 305(c) of the Consoli-  
 5           dated Farm and Rural Development Act (7  
 6           U.S.C. 1925(c)) for the calendar year, de-  
 7           termined by substituting ‘calendar year’  
 8           for ‘fiscal year’ each place it appears and  
 9           by substituting ‘2006’ for ‘1996’ in para-  
 10          graph (2) thereof. Any increase determined  
 11          under this clause shall be rounded to the  
 12          nearest multiple of \$100.”.

13          (b)       CONFORMING        AMENDMENT.—Section  
 14   147(c)(2)(C)(i)(II) of such Code is amended by striking  
 15   “\$250,000” and inserting “the amount in effect under  
 16   subparagraph (A)(i)”.

17          (c) EFFECTIVE DATE.—The amendment made by  
 18   this section shall apply to bonds issued after the date of  
 19   the enactment of this Act.

20   **SEC. 4. REPEAL OF DOLLAR AMOUNT IN DEFINITION OF**  
 21                   **SUBSTANTIAL FARMLAND.**

22          (a) IN GENERAL.—Subparagraph (E) of section  
 23   147(c)(2) of the Internal Revenue Code of 1986 (defining  
 24   substantial farmland) is amended to read as follows:

1                   “(E) SUBSTANTIAL FARMLAND.—For pur-  
2                   poses of this paragraph, the term ‘substantial  
3                   farmland’ means any parcel of land unless such  
4                   parcel is smaller than 30 percent of the average  
5                   size of a farm in the county in which such par-  
6                   cel is located.”.

7                   (b) EFFECTIVE DATE.—The amendment made by  
8                   this section shall apply to bonds issued after the date of  
9                   the enactment of this Act.

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